

# Economic and Social Overview of Tobacco Producing Counties in Missouri



## **ECONOMIC ASSESSMENT REPORT**

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# ***Economic and Social Overview of Tobacco Producing Counties in Missouri***

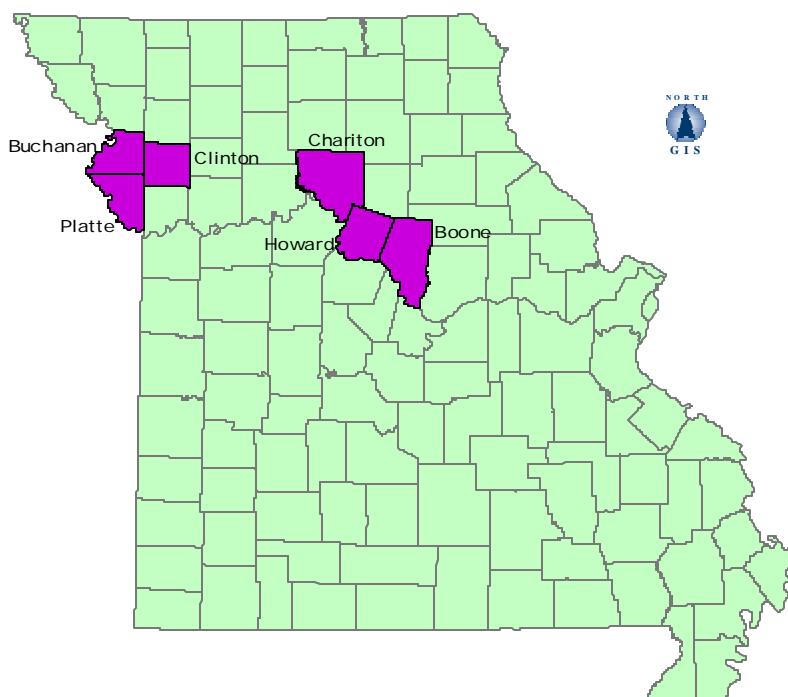
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## I. Overview

The Rural Economic Assistance Council (REAP) requested that Research and Planning (RAP) at the Missouri Department of Economic Development assemble an economic and social overview of tobacco growing counties in Missouri. The counties identified were Boone, Buchanan, Chariton, Clinton, Howard and Platte.

Tobacco production is controlled by a system of quotas, regulated by the U.S. Department of Agriculture. Since the 1930s, USDA has estimated the tobacco market using a series of economic indicators. Based on this information, USDA either increases or reduces tobacco quotas to maintain prices. Quota shares may be sold, lent or bequeathed to other parties. In Missouri, roughly 85% of all tobacco grown in the state is located in Platte County (MO Department of Agriculture). The vast majority of all tobacco grown in Missouri is warehoused and marketed through the City of Weston, located in Platte County. Tobacco production not only has economic consequences for producers, but it also impacts various ancillary businesses in tobacco-dependent regions. There are four main groups that are affected by such changes, which are listed in order of vulnerability: (1) tobacco growers; (2) warehouse and marketing firms; (3) tobacco seed and seedling firms; and (4) businesses that provide petrol-chemical inputs.

**Map 1**  
**Principle Tobacco Growing Counties, 2000**  
Source: Missouri Agricultural Statistics Service

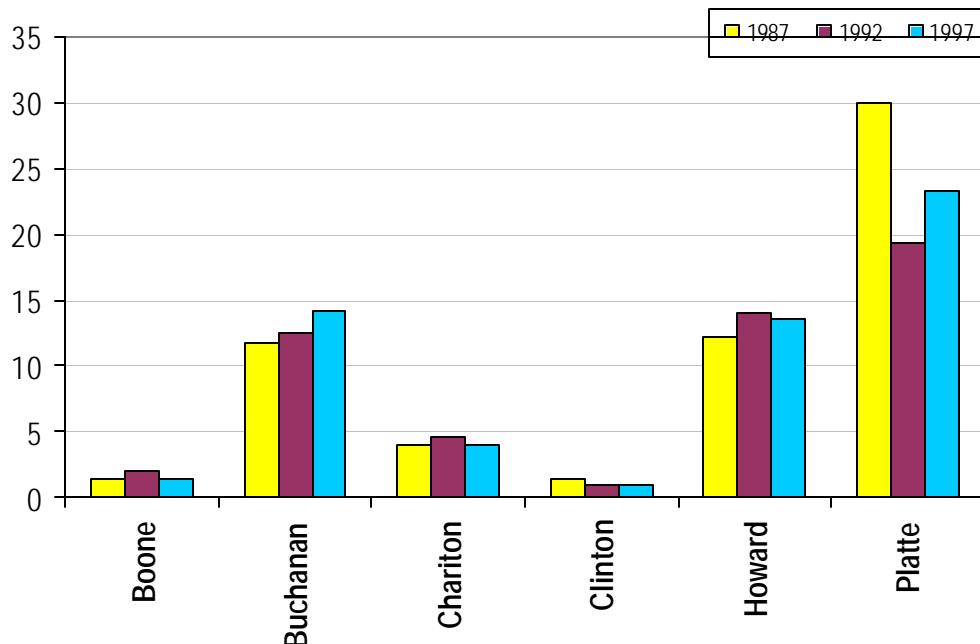


## II. Tobacco Production in Missouri Counties

### A. Farm Structure

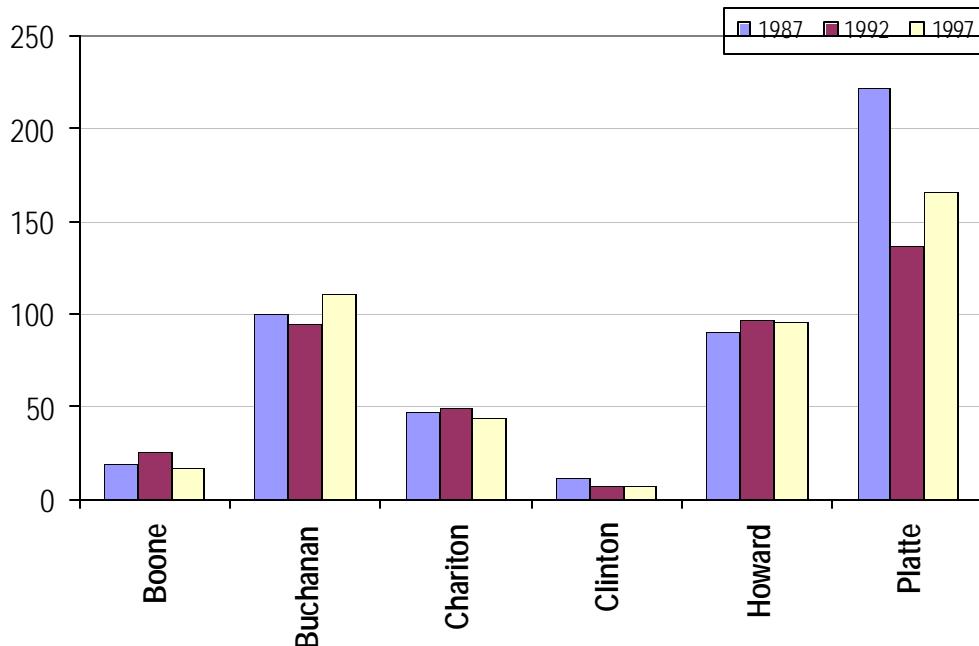
Tobacco farms make up a small percentage of all farms<sup>1</sup> in Boone, Chariton, and Clinton counties – accounting for less than 5% of all farms (numbering less than 50 per county). Tobacco farms in Buchanan and Howard counties account for 14.2% (119 farms) and 13.5% (96 farms) of all farms, respectively. Platte County has the largest percentage of tobacco farms, accounting for 23.2% of all farms; and numbering 166 farms in 1997. Since 1987, the percent and number of tobacco farms has remained relatively stable. However, Platte County experienced a 6% drop in farms from 1987 to 1997 – a loss of 56 farms. Refer to Charts 1 and 2.

**Chart 1**  
**Tobacco Farms as Percent of Total Farms, 1987-1997.**  
Source: US Census of Agriculture.



<sup>1</sup> The 1997 Census of Agriculture defines a farm as any place from which \$1,000 or more of agricultural products were produced or sold, or normally would have been sold, during the Census year. Since tobacco farms are generally small-scale in Missouri, part-time and small acreage farms were included.

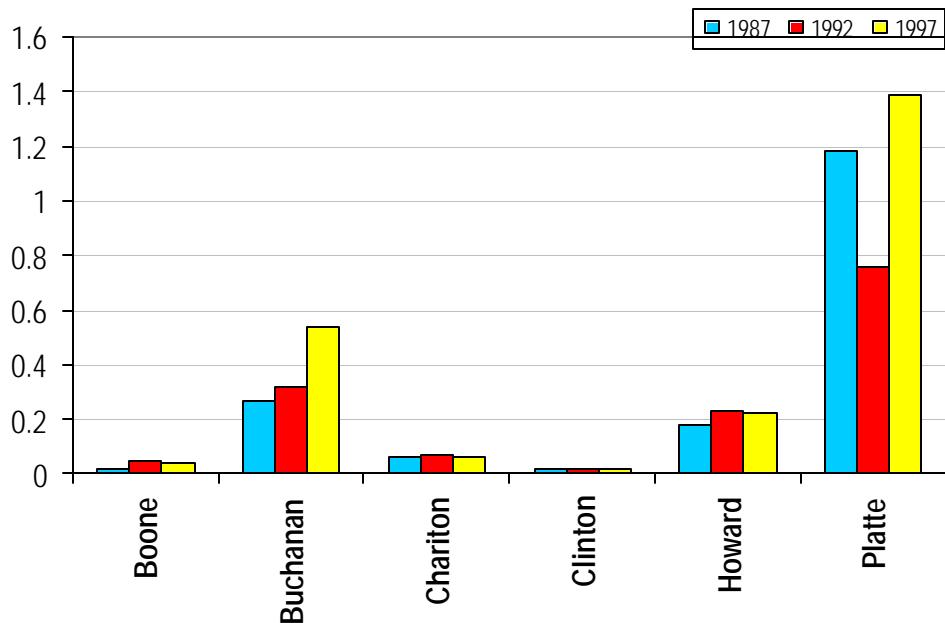
**Chart 2**  
**Number of Tobacco farms, 1987-1997.**  
*Source: US Census of Agriculture.*



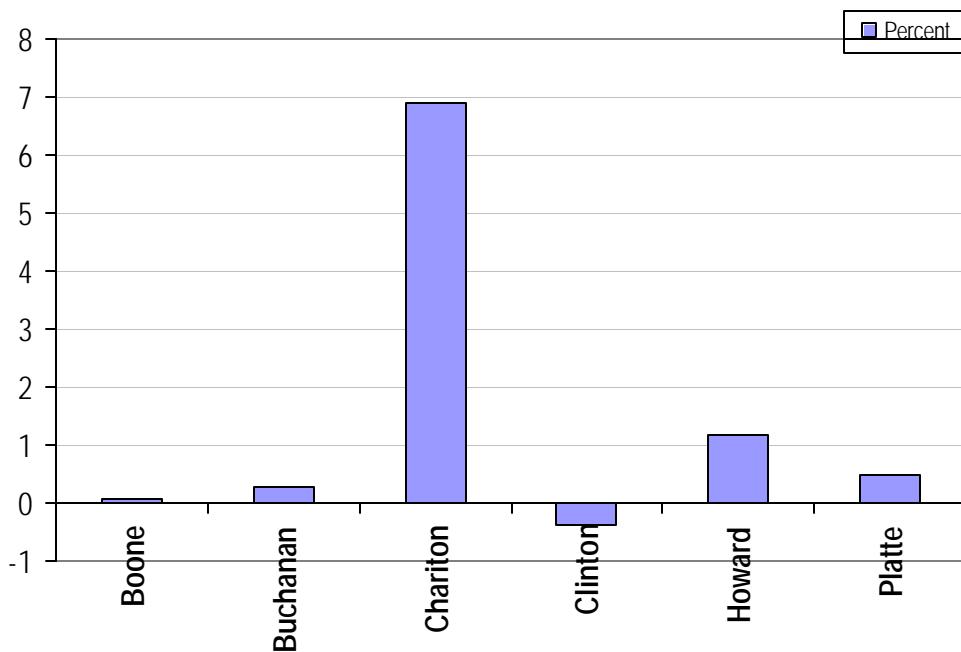
Harvested acres of tobacco account for only a small percentage of total harvested cropland. Platte County has the largest percentage of tobacco harvested in Missouri, totaling 1.39%. In all other counties, tobacco harvested accounts for less than 0.5% of all harvested cropland. This indicates that tobacco crops are not a major component of Missouri agriculture. Refer to Chart 3.

In all counties except Chariton, farming accounts for only a small percent of total personal income – amounting to 1% or less. This indicates that farming is not a major component of residents' income in these counties, and the amount attributable to tobacco growing would be minute. In Chariton County, farm income accounts for 6.9% of total personal income. This indicates that farm income is not a significant source of personal income in Missouri tobacco counties. Refer to Chart 4.

**Chart 3**  
**Tobacco Harvested as Percent of Total Harvested Cropland, 1987-1997.**  
*Source: US Census of Agriculture.*



**Chart 4**  
**Percent Farm Income as Percent of Total Personal Income, 1998.\***  
*Source: Bureau of Economic Analysis and OSEDA, University of Missouri.*

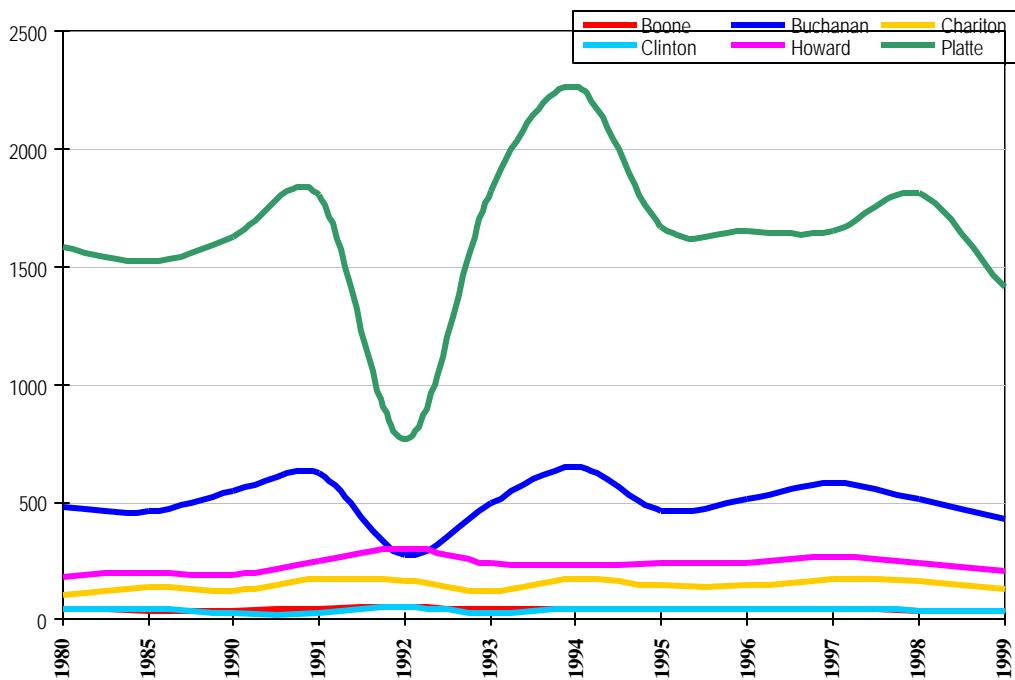


\* Clinton County experienced a net farm income loss in 1998.

## B. Acres, Production and Sales Estimates

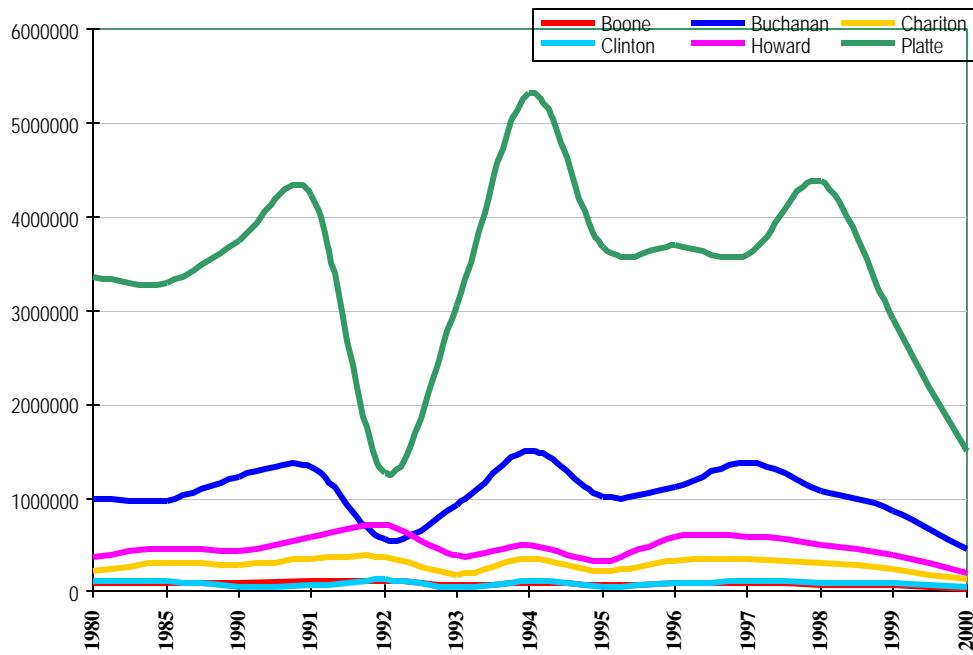
Since 1998, the total number of harvested tobacco acres has fallen in all counties. The reduction has been most severe in Platte County, which historically has had the highest levels of tobacco acreage. From a peak of 2,260 acres in 1994, acreage in Platte County had dropped to 1,410 acres in 1999. Similar trends have occurred in the other tobacco producing counties, yet the drop has not been as severe. Historically, tobacco acreage dropped sharply in 1992 in Platte and Buchanan counties, indicating that declining acreage is not altogether a new phenomenon. Refer to Chart 5.

**Chart 5**  
**Acres of Harvested Tobacco, 1980-1999.**  
Source: Missouri Agricultural Statistics Service.

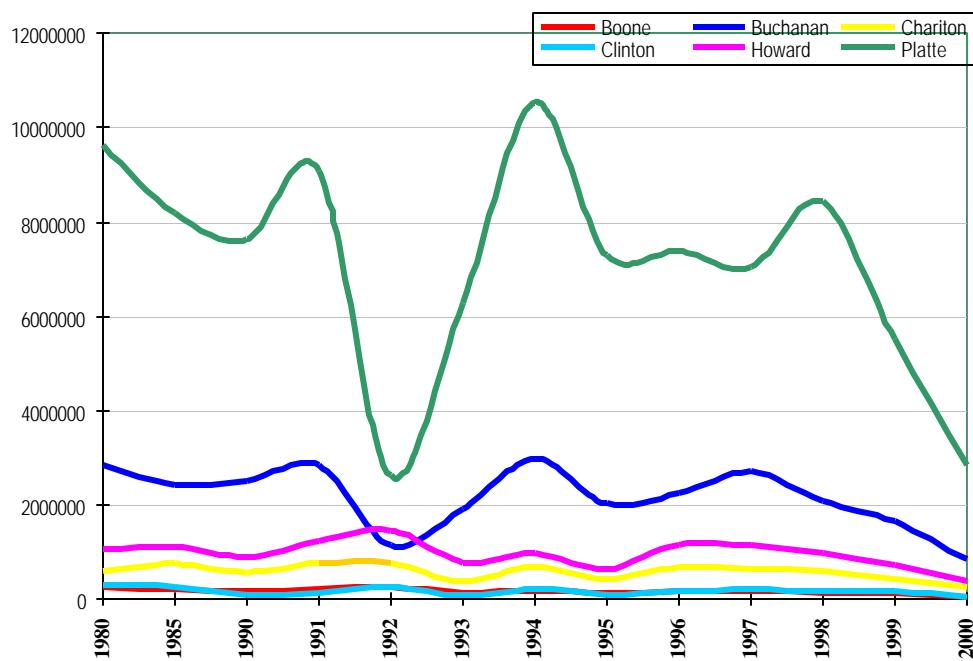


Mirroring the above trends, total tobacco production and annual sales have also fallen since 1998. Again, this effect is most severe in Platte County. From a high in 1998 of 4,373,000 lbs. of tobacco produced and \$8,430,077 in annual sales, in 2000 it is estimated to drop to 1,498,186 lbs. produced and \$2,839,062 in sales – a drop of 2,874,814 lbs. and \$5,591,015 since 1998. On a smaller scale, Buchanan County will also experience similar effects – a loss of 635,585 lbs. and \$1,239,811. Refer to Charts 6 and 7.

**Chart 6**  
**Tobacco Production in Pounds, 1980-2000.**  
Source: Missouri Agricultural Statistics Service



**Chart 7**  
**Annual Tobacco Sales, 1980-2000.**  
Source: Missouri Agricultural Statistics Service and National Agricultural Statistics Service.  
Adjusted for 1999 dollars.



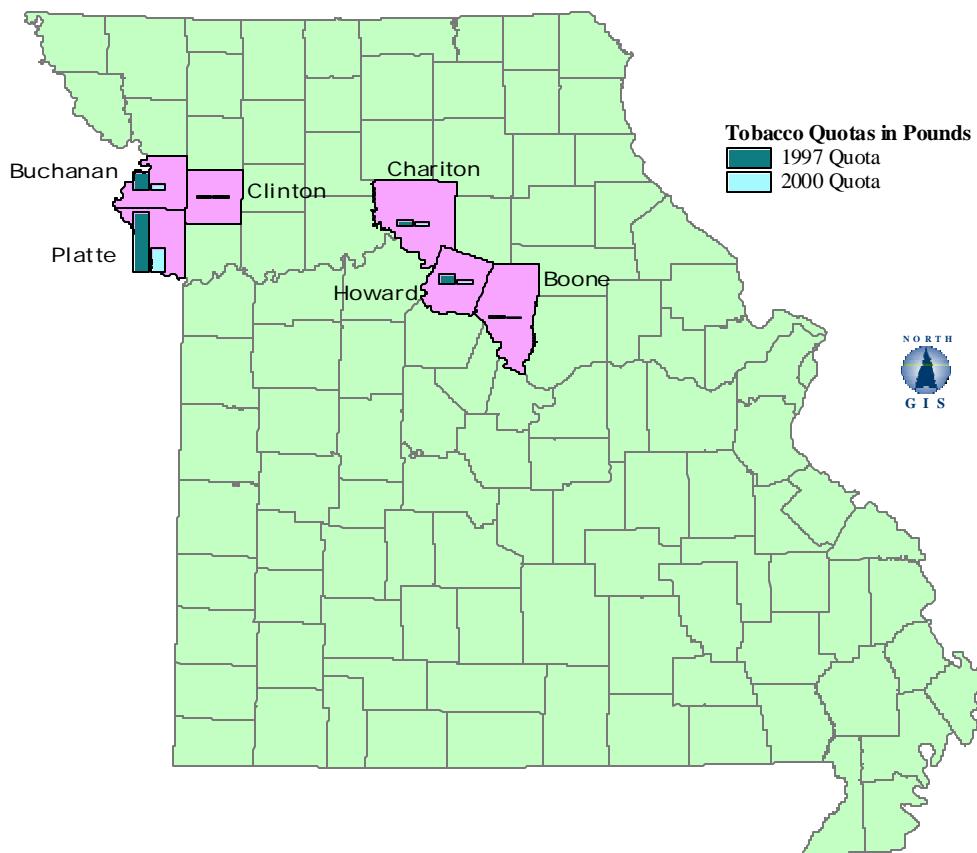
## C. Effects of Quota Reductions on Revenues

Since 1997, tobacco quotas have been reduced in Missouri, affecting both the amount produced and revenue generated. Between 1997 and 1998, there was a 8.4% drop, and between 1997 and 1999 there was a 28.8% drop. It is estimated that between 1997 and 2000 there will be a 61.1% drop in quotas. Tobacco quotas are highest in Platte County, yet have fallen off significantly from 1998 levels. In 1998, Platte County had 3,845,218 shares, which had fallen to 1,498,186 by 2000 – a loss of 2,347,032. Similar rates of decrease are being experienced by all tobacco counties in Missouri. Refer to Table 1 and Chart 8.

Quotas indicate the amount of potential tobacco production in a county. Chart 8 indicates that Platte and Buchanan counties are the primary tobacco producing counties in the state, while Boone and Chariton counties are relatively minor producers.

**Map 2**  
**Tobacco Quotas in Pounds, 1997-2000**

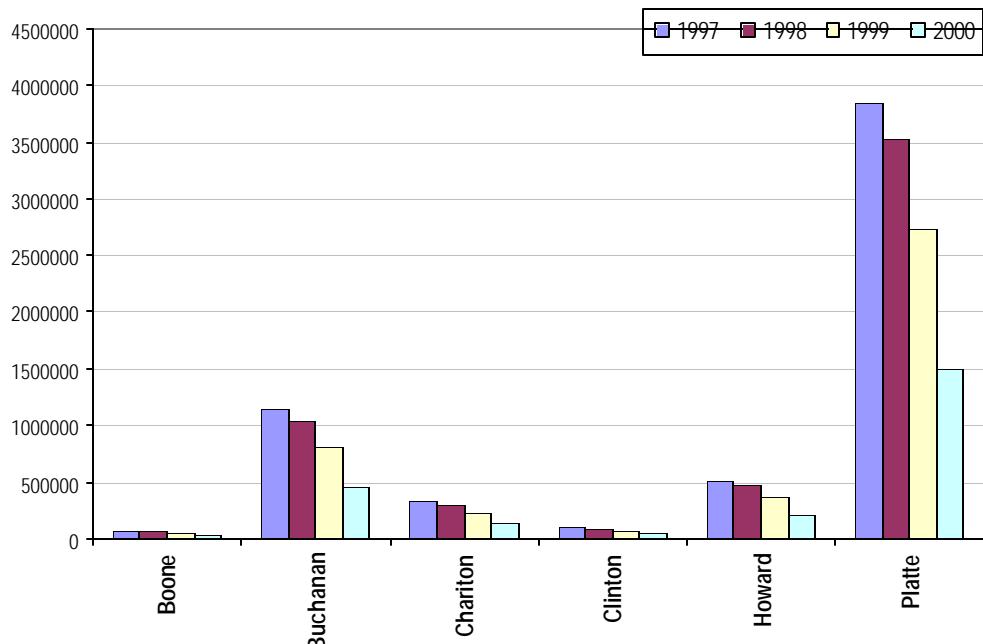
*Source: MO Agricultural Statistics Service and MO Department of Agriculture.*



**Table 1**  
**Percent Reductions in Tobacco Quotas, 1997-2000**  
*Source: Missouri Department of Agriculture*

Year	Percent Change from 1997
1997-1998	-8.4%
1997-1999	-28.8%
1997-2000	-61.1%

**Chart 8**  
**Tobacco Quotas in Pounds, 1997-2000.**  
*Source: Missouri Agricultural Statistics Service and MO Department of Agriculture.*

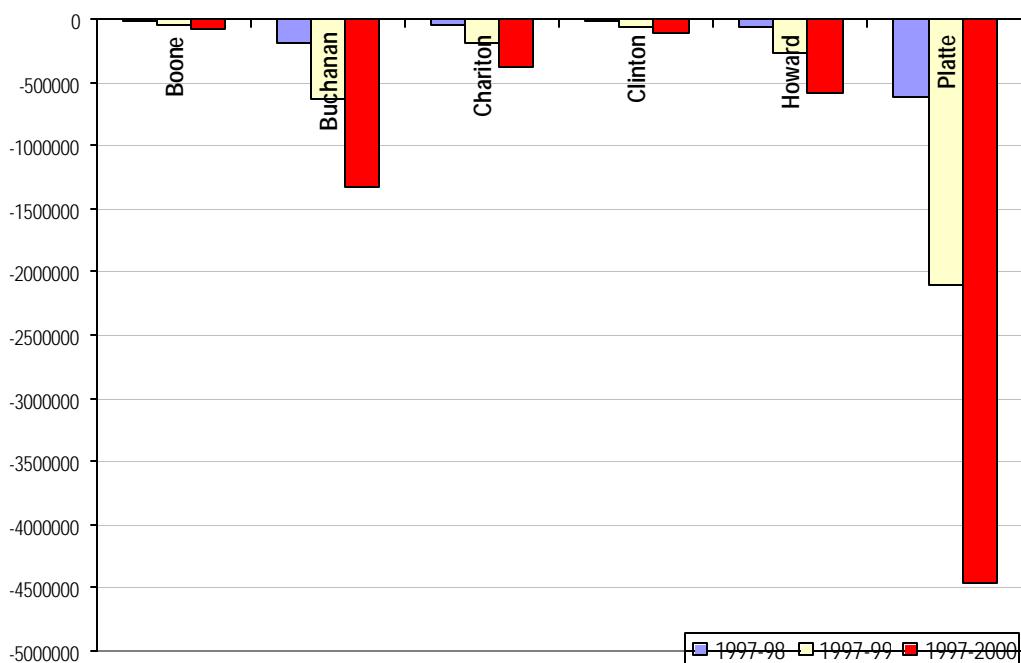


The resulting loss in tobacco sales is most pronounced in Platte County, and to a lesser degree in Buchanan and Howard counties. Platte County will lose \$4,459,161.29 in sales from 1997 levels. Buchanan County will lose \$1,322,741.72, and Howard County will lose \$586,160.03. Refer to Chart 9. These losses are compounded by the fact that they are borne by a small number of tobacco producers – 166 in Platte, 119 in Buchanan, and 96 in Howard.

As stated previously, this loss of revenue will not only affect tobacco growers. There is an assorted array of ancillary businesses that are dependent on tobacco sales, which include warehouses, marketing firms, seed and seedling firms and agricultural chemical dealers.

**Chart 9**  
**Loss of Revenue From Change in Tobacco Quotas, 1997-2000.**

Source: National Agricultural Statistics Service and MO Department of Agriculture.  
 Adjusted for 1999 dollars.



## D. Non-Production Economic Effects

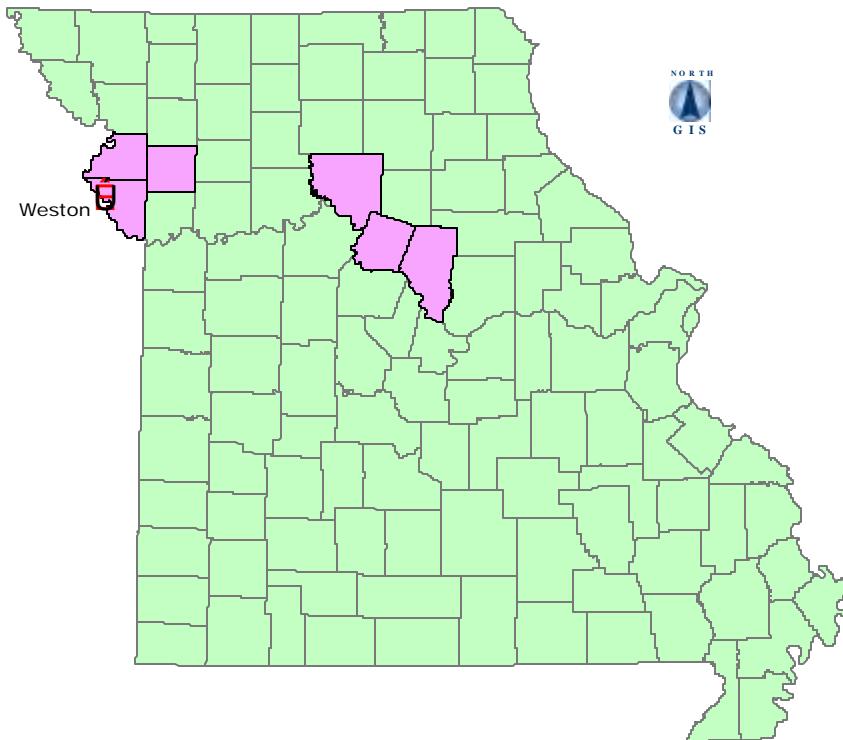
The vast majority of all tobacco grown in Missouri is warehoused and marketed through Weston, located at the west-central edge of the state. Tobacco production not only has economic consequences for producers, but impacts various ancillary businesses in tobacco-dependent regions. One of these industries is tobacco warehousing and marketing.

According to expert estimates<sup>2</sup>, warehouses charge .094 cents per pound to store and sell tobacco. To be conservative, it is estimated that 80% of all tobacco grown in Missouri is marketed through Weston, Missouri. By conservative estimates, tobacco warehouses in Weston are expected to lose \$165,714.40 in revenues from 1997 to 2000 – a drop of 59.5%. Refer to Table 2.

**Table 2**  
**Reductions in Tobacco Warehouse and Marketing Revenues in Weston, MO, 1997-2000.**  
Source: *Louis Smither and Missouri Agricultural Statistics Service.*  
Adjusted for 1999 dollars.

Year	Revenues	Change from 1997	Percent Change from 1997
1997	\$278,378	\$0	0
1998	\$334,534	\$56,156	20.2%
1999	\$217,929.6	\$-60,448.4	-21.7%
2000	\$112,663.6	\$-165,714.4	-59.5%

**Map 3**  
**Location of Weston, Missouri**



<sup>2</sup> Estimates by Louis Smither, tobacco warehouse operator in Weston, Missouri.

### **III. Summary**

This report examined tobacco production in six tobacco producing counties in Missouri (Boone, Buchanan, Chariton, Clinton, Howard and Platte). Platte and Buchanan counties are the primary tobacco production centers in the state. Most tobacco farms are located in these two counties, yet farm numbers are declining. Even in the tobacco counties, less than 1.5 percent of total cropland is in tobacco production. Further, tobacco acreage and sales are declining in all counties. The situation is especially acute in Platte County, where sales losses in 2000 are estimated to be \$4,459,161 (from 1997 base) – all borne by 166 growers.

Platte County, as well as the communities within it, will be adversely affected by reductions in tobacco production and sales. Roughly 85% of all tobacco grown in the state is located in Platte County; and the vast majority of all tobacco grown in Missouri is warehoused and marketed through Weston. Tobacco production not only has economic consequences for producers, but impacts various ancillary businesses in tobacco-dependent regions. Weston warehouses are estimated to lose \$165,714 in revenues in 2000 (from 1997 base) – a drop of 59.5%. In conclusion, tobacco production is a relatively small part of Missouri agriculture. However, reductions will have a substantial negative impact on the agricultural economy in Platte County – affecting not only producers, but various tobacco warehouse and marketing firms.

## **IV. Appendix: Economic and Social Profile of Tobacco Counties**

### **A. Employment and Income Profile**

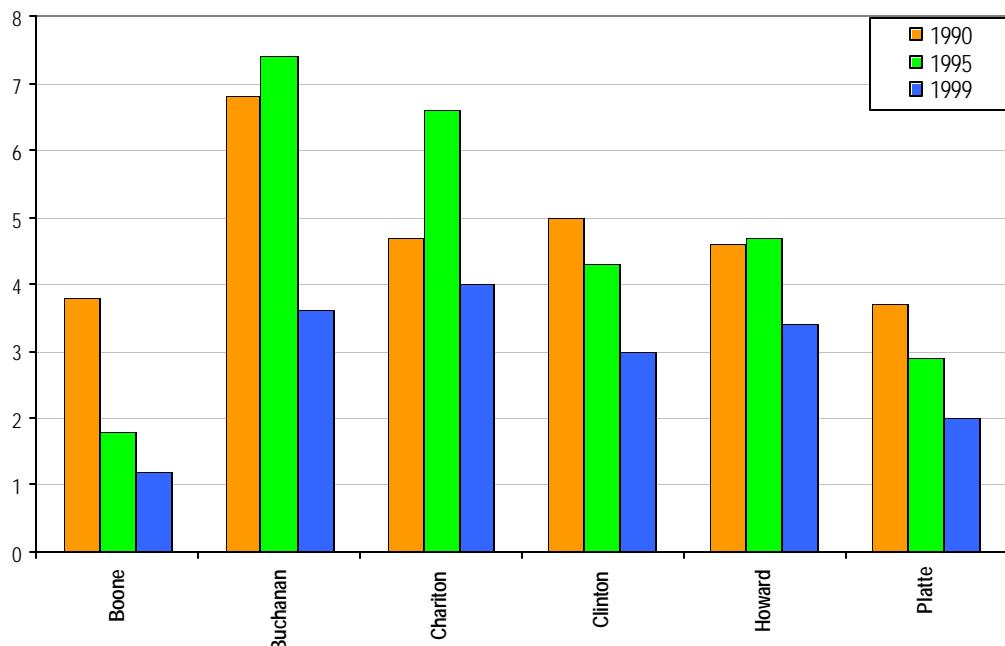
In 1999, unemployment rates were highest in Buchanan (3.6%) and Chariton (3.4%) counties, and lowest in Boone (1.2%) and Platte (2.0%) counties. It appears that both Buchanan and Chariton counties have had historically higher levels of unemployment than other tobacco producing counties. Refer to Chart 10.

In all counties, total personal income (TPI) has increased in real terms since 1990. However, the majority of that increase came from non-farm income sources. Farm income declined in Clinton (-133.1%), Boone (-56.66%), Howard (-15.9%) and Chariton (-14.8%) counties. This indicates that farm income is not a significant source of personal income in these areas. In the more dominant tobacco areas, farm income increased in Platte (137.2%) and Buchanan (23.3%) counties. Refer to Chart 11.

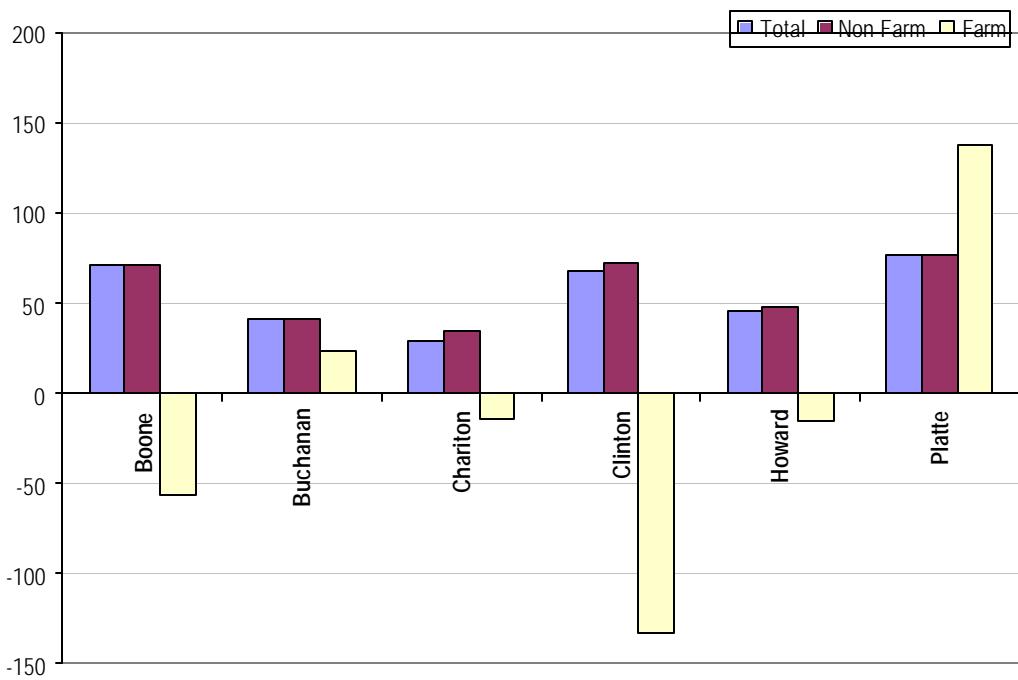
Per capita income (PCI) also increased in real terms for all counties. PCI was higher in the metropolitan tobacco counties of Platte (\$31,333.41) and Boone (\$26,048.61), compared with the rural counties of Chariton (\$19,200.25) and Howard (\$19,686.51). All counties had significant increases in PCI from 1990. Refer to Charts 12 and 13. Median household income was generally similar across all counties. As with PCI, median household income appears to fall along a rural-urban continuum. Urban counties (Platte and Boone) had higher median household incomes than more rural counties (Howard and Chariton). Refer to Chart 14.

All counties experienced dramatic increases in transfer payments, as a percent of total personal income. Rural tobacco counties had higher percentages of personal income from transfer payments (Chariton 24.4%, Howard 21.3%), as compared to urban tobacco counties (Platte 7.4%, Boone 10.6%). However, urban tobacco counties had much larger percent increases in transfer payments (Platte 102.6%, Boone 89.6%). It is important to note that transfer payments include both supplemental income and retirement benefits. Therefore, rural counties may have either large numbers of poor or large numbers of retirees. Refer to Chart 15.

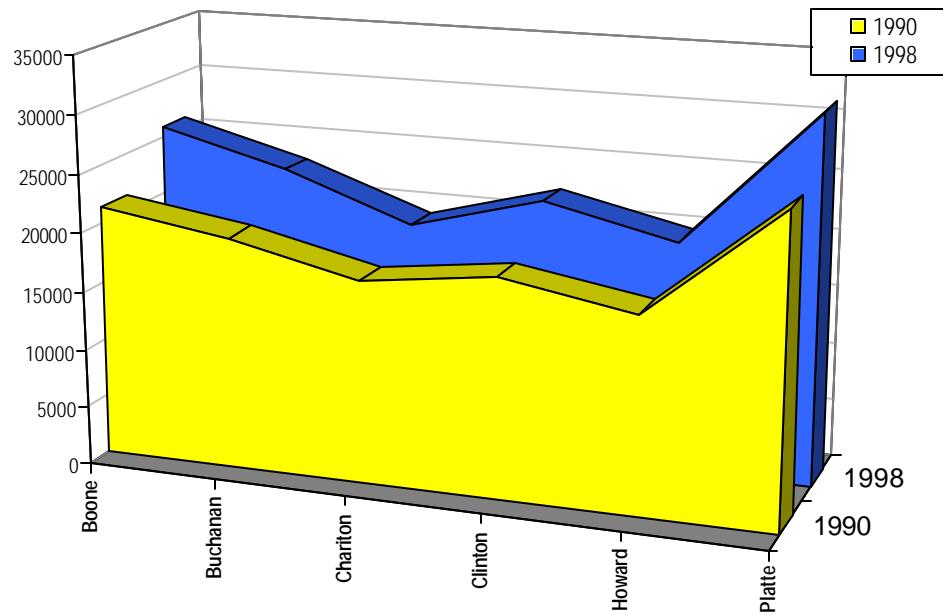
**Chart 10**  
**Unemployment Rates, 1990-1999.**  
*Source: Bureau of Labor Statistics.*



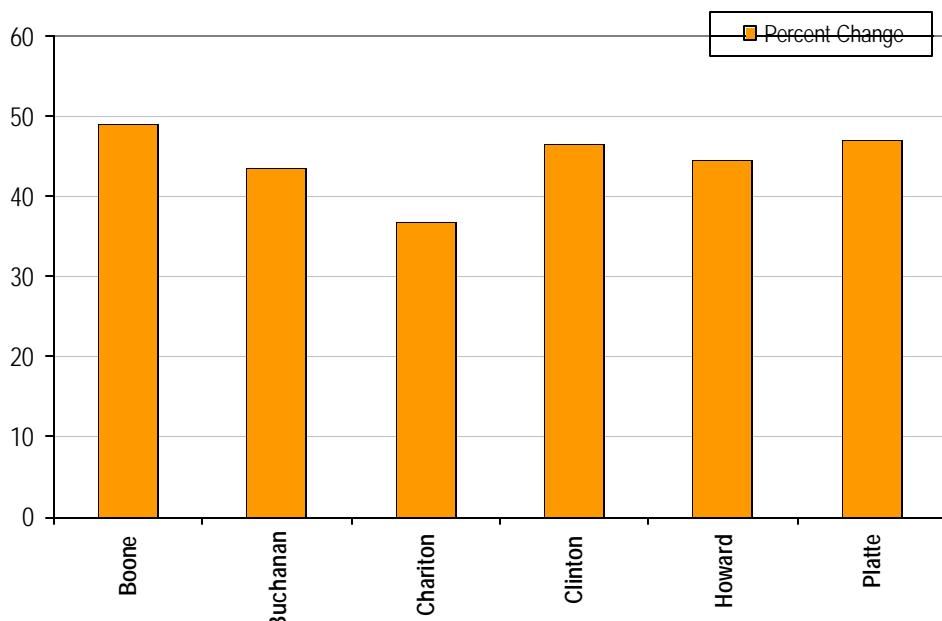
**Chart 11**  
**Percent Change in Total, Non-Farm and Farm Income, 1990-1998.**  
*Source: Bureau of Economic Analysis and OSEDA, University of Missouri.*



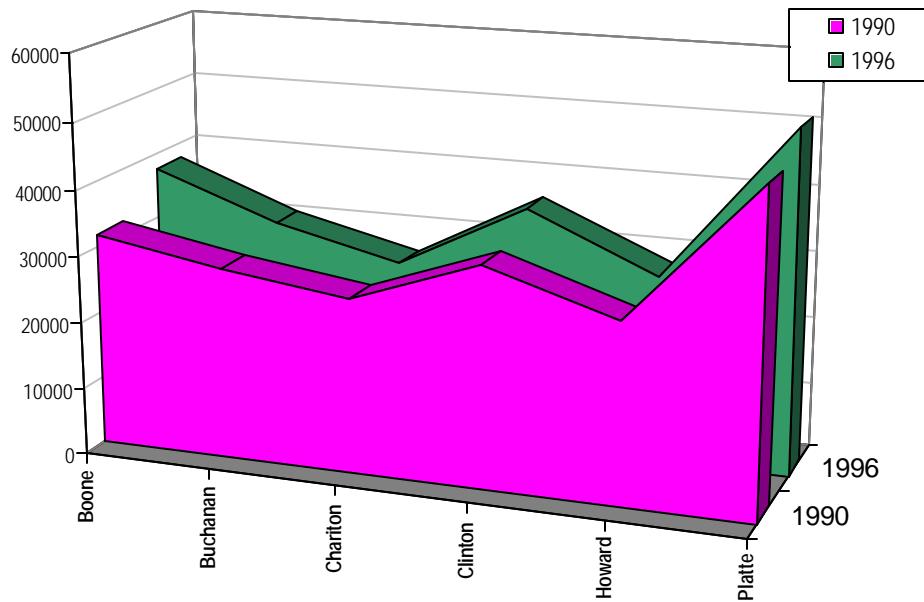
**Chart 12**  
**Per Capita Income, 1990-1998.**  
*Source: Bureau of Economic Analysis.*  
 Adjusted for 1999 dollars



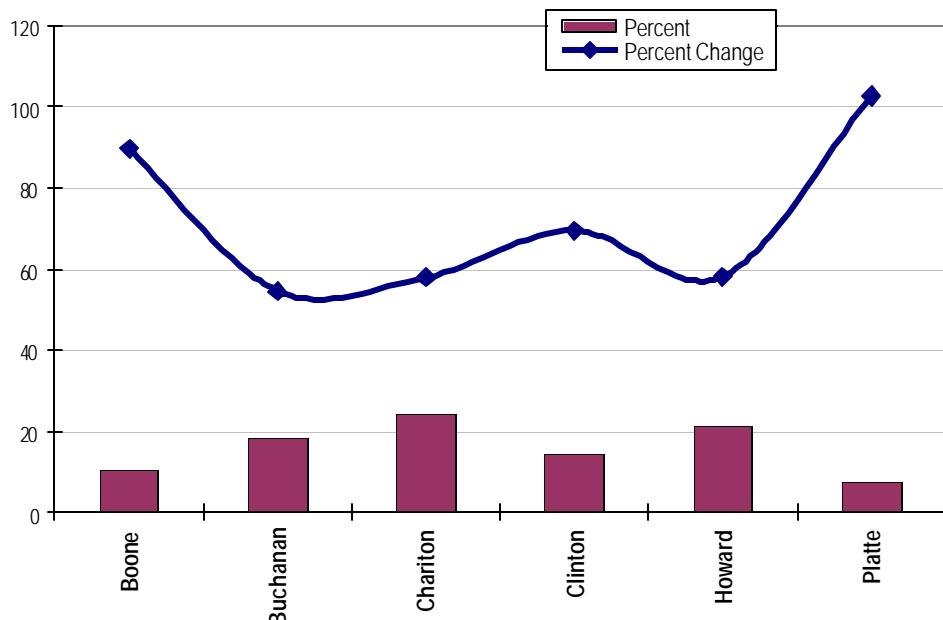
**Chart 13**  
**Percent Change in Per Capita Income, 1990-1998.**  
*Source: Bureau of Economic Analysis.*



**Chart 14**  
**Median Household Income, 1990-1996.**  
*Source: Bureau of Economic Analysis.*  
 Adjusted for 1999 dollars



**Chart 15**  
**Percent and Percent Change of Income From Transfer Payments, 1990-1998.**  
*Source: Bureau of Economic Analysis and OSEDA, University of Missouri.*



## B. Households and Children Profile

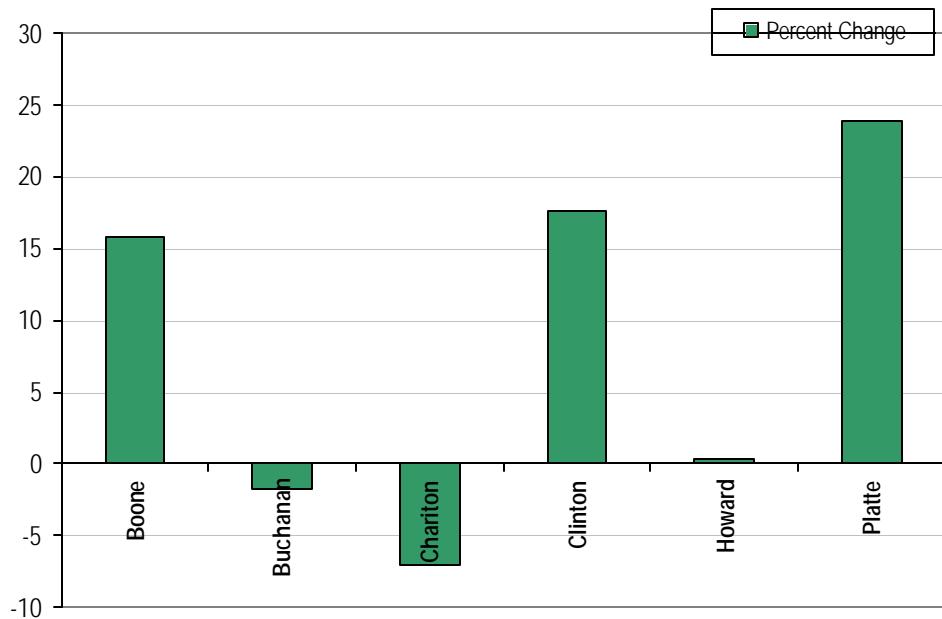
From 1990 to 1999, population declined in Chariton (-7%) and Buchanan (-1.7%) counties; and there was a small increase in Howard County (0.3%). This mirrors the statewide trend in rural population declines. During the same period, population increased in Platte (23.9%), Clinton (17.6%) and Boone (15.8%) counties. Increases in Platte and Boone are attributable to urbanization; and increases in Clinton County are attributable to development of a new prison. Refer to Chart 16.

In 1996, Buchanan (15.7%), Chariton (13.5%) and Howard (13.5%) counties had the largest share of people in poverty. Platte County (5.0%) had the lowest poverty rate among tobacco producing counties. The percent of poor persons decreased in all counties, with Boone County experiencing the largest percent decrease. Refer to Chart 17.

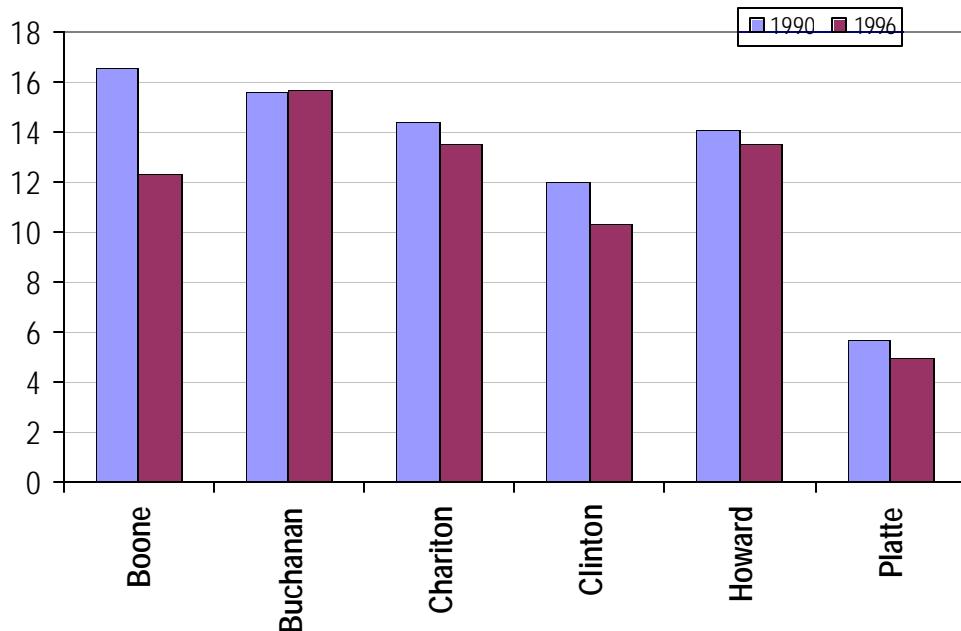
In most counties, children made up roughly 25% of the population (refer to Chart 17). Buchanan (6.1%) and Boone (5.8%) counties had more children living in poor families, as evidenced by the percent of children receiving AFDC/TANF. However, both of these counties had greatly reduced this number since 1994. Platte (1.1%), Clinton (2.3%) and Chariton (2.6%) counties had lower numbers of children on AFDC/TANF. Refer to Charts 18 and 19.

High school graduation rates were fairly similar across all counties. Chariton County had the highest rate (93.7%), while Boone County had the lowest (73.3%). Refer to Chart 20.

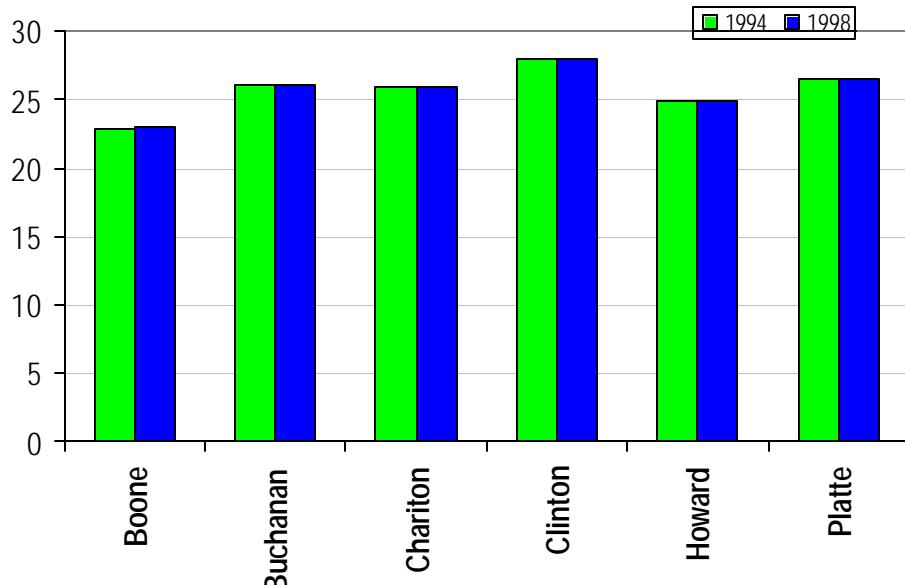
**Chart 16**  
**Percent Change in Population, 1990-1999.**  
*Source: US Bureau of the Census.*



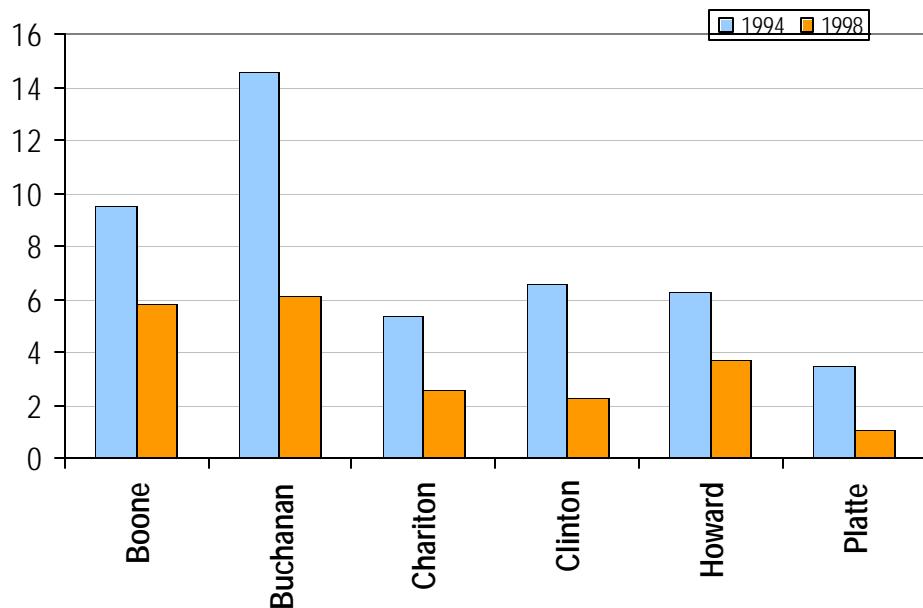
**Chart 17**  
**Percent Person in Poverty, 1990-1996.**  
*Source: Bureau of Economic Analysis and OSEDA, University of Missouri*



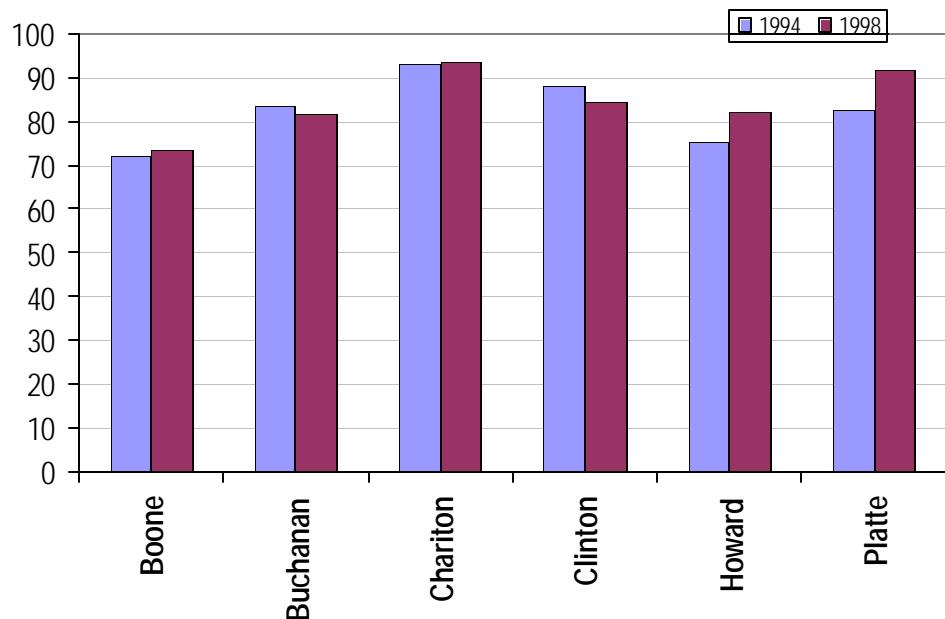
**Chart 18**  
**Percent Population Children, 1994-1998.**  
Source: Annie E. Casey Foundation.



**Chart 19**  
**Percent Children Receiving AFDC/TANF, 1994-1998.**  
Source: Annie E. Casey Foundation.



**Chart 20**  
**High School Graduation Rate, 1994-1998.**  
Source: MO Department of Elementary and Secondary Education.



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